BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

APPLICATION OF	**)**	
ENTERGY NEW ORLEANS, LLC	**)**	
FOR A CHANGE IN ELECTRIC AND	**)**	
GAS RATES PURSUANT TO	**)**	**DOCKET NO. UD-18-__**
COUNCIL RESOLUTIONS R-15-194	**)**	
AND R-17-504 AND FOR RELATED	**)**	
RELIEF	**)**	

REVISED DIRECT TESTIMONY

OF

ORLANDO TODD

ON BEHALF OF

ENTERGY NEW ORLEANS, LLC

PUBLIC VERSION

SEPTEMBER 2018

TABLE OF CONTENTS

LIST OF EXHIBITS

I. INTRODUCTION AND BACKGROUND

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Orlando Todd. My business address is 1600 Perdido Street, New Orleans, Louisiana 70112.

Q2. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Entergy New Orleans, LLC ("ENO" or the "Company").

Q3. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Entergy Services, Inc. ("ESI"),[1] as Finance Director for ENO. In that capacity, I am responsible for financial management, financial planning and monitoring, and assisting in the resolution of regulatory issues for ENO. I have held this position for over sixteen years.

Q4. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I have a B.B.A. in Accounting from Southern Arkansas University and an M.B.A. from the University of Arkansas - Little Rock. I am a Certified Public Accountant. I began my career with Entergy Corporation and its subsidiaries in 1983. I started in Property Accounting and have worked in other departments, including General Accounting, Finance Operations Center, and Corporate Reporting. Prior to my career with the

[1] ESI is an affiliate of the five Entergy Operating Companies ("EOCs") and provides administrative and support services to the EOCs. The five EOCs are Entergy Arkansas, Inc. ("EAI"), Entergy Louisiana, LLC ("ELL"), Entergy Mississippi, Inc., Entergy Texas, Inc., and ENO.

Entergy System, I worked for Price Waterhouse (now known as PricewaterhouseCoopers).

Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the financial projections presented by the Company as per books information in its Period II cost of service. The Period II cost of service is based on information from Entergy New Orleans' financial planning processes. The Company's Period II financial projections are consistent with the projections the Company uses in its internal planning processes and, although they inevitably will differ from actual results, represent a reasonable estimate of the level of sales, expenses, and plant closings in 2018 and the capital structure as of December 31, 2018.

Additionally, I support certain pro forma adjustments, some of which incorporate financial projections from the Company's internal planning processes. Specifically, I support the estimated plant closings amounts reflected in Adjustment AJ14 in the Electric and Gas Cost of Service Studies, which includes plants closings and retirements expected in calendar year 2019.

I also support the implementation of an exact cost recovery process for the purchased power agreement ("PPA") capacity expenses and long-term service agreement ("LTSA") expenses similar to the process used today for capacity expenses associated with the Grand Gulf Nuclear Station Unit Power Sales Agreement ("Grand Gulf UPSA"). In this process, an estimate of those expenses would be recovered in base rates subject to true-up through the Purchased Power Capacity Acquisition Cost Recovery Rider ("PPCACR Rider"). The estimate of capacity expenses and LTSA expenses to be

included in base rates is reflected in Adjustment AJ01C in the Electric Cost of Service Studies.

I also support the recovery period for the Algiers Transaction Expense Regulatory Asset, which the Council of the City of New Orleans ("Council") approved previously, and the deferral and recovery of the Algiers Migration Expenses, which Company witness Melonie P. Stewart discusses in her Revised Direct Testimony. The recovery of these regulatory assets is reflected in Adjustment AJ27 in the Electric Cost of Service Studies.

I also support a portion of Adjustment AJ21 regarding the recovery of Louisiana Corporate Franchise Taxes, which is included only in the Period I Electric and Gas Cost of Service Studies. Although ENO thought it would not incur these taxes, the Louisiana tax laws changed, and ENO will incur these taxes.

I also support Adjustment AJ19 in the Electric and Gas Cost of Service Studies, which addresses the deferral and recovery of the rate case expenses associated with this proceeding.

I also support Adjustment AJ28 in the Electric Cost of Service Studies, which seeks recovery of the operating expenses associated with the Rooftop Solar Photovoltaic Systems, which were approved for construction by the Council in Docket No. UD-17-05.

The last adjustment that I support is an addition to Adjustment AJ18 in the Electric Cost of Service Studies. This addition seeks recovery of additional $0.7 million of distribution operation and maintenance ("O&M") expense and estimated distribution plant closings in 2018 of $4.3 million resulting from efforts to improve distribution reliability, which are discussed by Ms. Stewart.

I also provide the current estimate of the non-fuel revenue requirement associated with the New Orleans Power Station and request confirmation of the recovery method for these costs.

In the last section of my testimony, I provide information regarding the Company's storm restoration costs pursuant to Council Resolution R-17-504, dated September 28, 2017.

II. PERIOD II COST OF SERVICE

Q6. WHAT IS THE STARTING POINT FOR THE PERIOD II ELECTRIC AND GAS COST OF SERVICE STUDIES?

A. The starting point for the Period II Electric and Gas Cost of Service Studies is ENO's 2018 calendar year financial forecast. Although these financial projections inevitably will differ from actual results, they represent a reasonable estimate of ENO's 2018 financial results.

Q7. WHY IS THE COMPANY BASING ITS RATE REQUEST IN THIS PROCEEDING UPON THE PERIOD II COST OF SERVICE STUDIES?

A. The 2018 calendar year financial forecast incorporates the most recent, comprehensive analysis of the Company's expected revenues and non-fuel O&M expenses to provide utility service to its customers in the future. These expected revenues and non-fuel O&M expenses, along with a rate base reflecting plant additions through December 31, 2019, should form the basis of base rates resulting from this proceeding.

Q8. DOES ENTERGY NEW ORLEANS PROJECT SALES, EXPENSES, AND PLANT CLOSINGS AS PART OF ITS ONGOING BUSINESS PROCESSES?

A. Yes, it does. Below, I provide a description of how the Company projects sales, electric and gas non-fuel O&M expenses, and plant closings.

A. Sales Projections

Q9. HOW DOES ENO DEVELOP ITS SALES PROJECTIONS?

A. As part of its financial planning process, Entergy New Orleans generally uses econometric models for forecasting electric retail sales, which assume normal weather. A separate model is used for each customer class. For commercial and small industrial customers, these models use a variety of economic driver data, including driver data for the geographic area served by the Company, as well as national driver data and energy efficiency and temperature data. For governmental customers, the model uses economic driver data for the geographic area served by the Company, energy efficiency and temperature data. For residential customers, the model uses household count, energy efficiency, and temperature data. Annually, the Company updates the econometric models to produce new sales projections.

Q10. WHAT AMOUNT OF ELECTRIC RETAIL SALES DOES THE COMPANY PROJECT FOR 2018?

A. Projected total electric retail sales for 2018 are 5,853 gigawatt-hours, which assumes normal weather, as mentioned above.

Q11. DOES THE COMPANY EXPECT SIGNIFICANT GROWTH IN ELECTRIC RETAIL SALES IN THE NEAR TERM?

A. No, ENO expects minimal growth because of continued weakness in residential and commercial usage growth from energy efficiency and downward pressure on sales from the Company's Advanced Metering Infrastructure ("AMI") project.

Q12. WHAT AMOUNT OF GAS RETAIL SALES DOES THE COMPANY PROJECT FOR 2018?

A. Projected total gas retail sales in 2018 are 96,204,196 CCF, which assumes normal weather.

Q13. DOES THE COMPANY EXPECT SIGNIFICANT GROWTH IN GAS RETAIL SALES IN THE NEAR TERM?

A. No. ENO expects minimal to no growth in sales because of energy efficiency declines in usage per customer and downward pressure on sales from the AMI project.

B. Non-Fuel O&M Expense and Plant Closings Projections

Q14. HOW DOES ENO FORECAST NON-FUEL O&M EXPENSE AND CAPITAL EXPENDITURES?

A. ENO utilizes a three-phase budgeting process. In the first phase, long-range financial plans, based upon prior year performance and future objectives, are established. Executive management establishes a process to cascade these overall long-range financial

plans down through the respective functions, ultimately reaching individual organization management.

The second phase is referred to as the "detailed budgeting phase." During this phase, each organization prepares an operating budget to include all the costs (expense and capital) that the organization's manager controls. An organization is the designation given a grouping of personnel and tasks under common management. For example, the manager of ENO's customer service/public affairs organization is responsible for the customer service/public affairs operating budget, which includes the costs related to ENO's two Customer Care Centers and the organization's employees.

In the final phase, detailed budgets are summarized, reviewed and approved by management from a functional organization (*i.e.*, Distribution and Customer Service) view as well as from a legal entity (*i.e.*, ENO) view. This phased approach ensures that the planned budgets are an accurate depiction of the costs an organization anticipates it will incur, encourage cost-efficiency, and can be effectively implemented and managed. This process is also used for capital budgeting.

Q15. HOW ARE PLANT CLOSINGS PROJECTED?

A. Projected closings for specific capital projects are determined by the organization responsible for the project. During the planning process for the project, the organization estimates the closing date or dates associated with the project or its components and is responsible for updating the closing information over the construction of the project.

Blanket capital projects capture the costs of a group of small capital projects that are not able to be tracked efficiently on an individual basis. For planning purposes, blanket capital projects are assumed to close ratably over the course of the calendar year.

Q16. WHAT IS THE PROJECTED LEVEL OF ELECTRIC NON-FUEL O&M INCLUDED IN THE PERIOD II PER BOOKS DATA?

A. Projected electric non-fuel O&M expense for 2018 is approximately $90.2 million. As shown in the Table 1 below, the projected level used in the per books data in the Period II Electric Cost of Service Study is roughly consistent with 2017 per books level.

Table 1
ENO's Projected 2018 Electric Non-Fuel O&M Expense as Compared to Actual 2017 Electric Non-Fuel O&M Expense ($ millions)

Function	FERC Accounts	Projected 2018	Actual 2017	Difference
Production	500, 502, 505-514, 546-554, 556	9.9	10.6	(0.7)
Transmission	560-573, 575	9.5	9.4	0.1
Distribution	580-598	18.6	16.9	1.7
Customer and Sales	901-916	13.1	18.4	(5.3)
A&G	920-935	39.6	36.9	2.7
Totals		90.7	92.2	1.5

Note: The above amounts are unadjusted and are included in MFR Statements C-3 and CC-3 Electric.

Q17. ALTHOUGH THE OVERALL ELECTRIC NON-FUEL O&M IS ROUGHLY CONSISTENT BETWEEN THE TWO PERIODS, WHY IS THERE A VARIANCE IN THE CUSTOMER AND SALES FUNCTION?

A. The primary driver for this variance is due to how the Energy Smart expenses are reflected in ENO's planning processes. For the actual 2017 period, the Energy Smart expenses were recorded to Account 908; however, these expenses are substantially offset by available Rough Production Cost Equalization ("RPCE") receipts. These receipts were recorded to Account 557, and this account is omitted from the above table. For the projected 2018 period, both the Energy Smart expenses and RPCE receipts are reflected in Account 908. For purposes of this rate case, the Energy Smart expenses and any applicable RPCE receipts are being removed from the calculation of Net Utility Operating Income because ENO is proposing that it recover the costs associated with energy efficiency and/or Energy Smart in a rider, initially through the Interim Energy Efficiency Cost Recovery Rider and, beginning January 2020, through the Demand-Side Management Cost Recovery Rider, which are both discussed by Company witness D. Andrew Owens.

Q18. IS THE PROJECTED ELECTRIC NON-FUEL O&M FOR 2018 REPRESENTATIVE OF THE ONGOING NON-FUEL O&M?

A. Yes, it is except for four exceptions. In 2018, ENO will begin incurring operating expenses associated with Rooftop Solar Photovoltaic Systems authorized by the Council in Resolution R-18-222, on June 21, 2018. In 2018, ENO also is increasing the level of

distribution O&M by $0.7 million in an effort to improve distribution reliability, as discussed by Ms. Stewart.

In 2019, the Company expects to increase its energy efficiency spending for Program Year 9 consistent with the Council's expectations in Resolution R-17-623, dated December 14, 2017. In 2020, the Company will experience its first full year of the increased energy efficiency spending and expects that the New Orleans Power Station will commence operation.

Q19. ARE THESE COST CHANGES REFLECTED IN THE ELECTRIC COST OF SERVICE STUDIES?

A. These cost changes are reflected in part. ENO is seeking recovery of the estimated Rooftop Solar Operating Expenses in base rates through Adjustment AJ28, which I discuss later in my testimony. The plant costs associated with the Rooftop Solar Photovoltaic Systems are included in Adjustment AJ14.

ENO is seeking recovery of the increased distribution O&M expense in base rates through Adjustment AJ18, which I discuss later in my testimony.

In compliance with Resolution R-18-65, dated March 8, 2018, the Company is seeking confirmation of the mechanism through which contemporaneous recovery of the non-fuel revenue requirement associated with the New Orleans Power Station will occur. Specifically, the Company requests that such recovery occur through an interim rate adjustment through the proposed Electric Formula Rate Plan. I discuss the estimate of the non-fuel revenue requirement later in my testimony.

As mentioned above, the Company is not seeking recovery in base rates of the increased energy efficiency spending; instead, the Company is proposing that those costs would be recovered in the proposed riders discussed by Mr. Owens.

Q20. WHAT IS THE PROJECTED LEVEL OF ELECTRIC PLANT CLOSINGS FOR 2018?

A. The projected level of electric plant closings for 2018 is $115.2 million. These closings are incorporated in the Period II per books plant amounts included in rate base. Table 2 below summarizes the electric plant closings by FERC account category.

Table 2
ENO's Projected 2018
Electric Plant Closings
($ millions)

Category	Projected 2018
Intangible	25.1
Production	15.0
Transmission	7.0
Distribution	62.8
General	5.3
Total	115.2

Subsequent to the development of the projections in the above table, ENO's management approved additional capital spending of $4.3 million, which will result in additional electric distribution plant closing for 2018. As explained below, these plant closings are reflected in Adjustment AJ18 in the Electric Cost of Service Studies.

Q21. WHAT ARE THE MAJOR PROJECTS INCLUDED IN THE AMOUNT REPORTED FOR DISTRIBUTION PLANT CLOSINGS?

A. ENO's Storm Hardening projects, Grid Modernization projects,[2] Bourbon Street Underground Repair (Canal to Dumaine) project, and the Distribution Revenue and Critical Replacement/Failure blanket projects are major drivers of the closings to distribution plant in 2018.

Q22. WHAT PROJECTS ARE DRIVING THE INTANGIBLE PLANT CLOSINGS?

A. A large driver is the deployment of AMI, which was the subject of Council Docket No. UD-16-04. The projected closings related to AMI, however, are removed from rate base through Adjustment AJ15 because ENO is seeking recovery of these costs through the proposed AMI Charge, which is discussed by Company witness Joshua B. Thomas, and not base rates.

For purposes of the rate case, ENO has categorized the AMI projects as intangible plant. In the future, ENO expects many AMI projects to be recorded in distribution plant accounts. Presently, the planning and accounting systems are being modified to incorporate the new AMI assets, which require their own depreciation groups, into the various 300 level plant accounts.

Another driver is the employment of new technology in customer-utility interactions to make those interactions more efficient. This work will update internet, mobile, and voice-response customer interfaces.

[2] These Grid Modernization projects do not include the projects to be funded pursuant to the Agreement in Principle approved by the Council in Resolution R-18-227, dated June 21, 2018.

Q23. WHAT PROJECTS ARE INCLUDED IN THE PRODUCTION PLANT CLOSINGS?

A. The major driver of the production plant closings is the plant costs associated with the Rooftop Solar Photovoltaic Systems mentioned above.

Q24. WHAT IS THE PROJECTED LEVEL OF GAS O&M INCLUDED IN THE PERIOD II PER BOOKS DATA?

A. Projected gas non-fuel O&M expense for 2018 is approximately $17.5 million. As shown in Table 3 below, the projected level used in the per books data in the Period II Gas Cost of Service Study is consistent with 2017 per books level.

Table 3
ENO's Projected 2018 Gas Non-Fuel O&M Expense as Compared to Actual 2017 Gas Non-Fuel O&M Expense ($millions)

Function	**FERC Accounts**	**Projected 2018**	**Actual 2017**	**Difference**
Gas Operations	859-880, 881-894	7.6	8.0	(0.4)
Customer and Sales	901-916	2.0	2.2	(0.2)
A&G	920-935	7.9	6.8	1.1
Totals		17.5	17.0	0.5

Note: The above amounts are unadjusted and are included in MFR Statements C-3 and CC-3 Gas.

Q25. IS THE PROJECTED GAS NON-FUEL O&M EXPENSE FOR 2018 REPRESENTATIVE OF THE ONGOING NON-FUEL O&M EXPENSE?

A. Yes, it is the same but for one exception. ENO intends to undertake efforts to address underground facility conflicts that are described in the Revised Direct Testimony of Company witness Michelle P. Bourg. ENO expects to incur additional O&M expenses

for this program and proposes to recover these expenses in the Gas Infrastructure Replacement Program Rider Schedule and not in base rates.

Q26. WHAT IS THE PROJECTED LEVEL OF GAS PLANT CLOSINGS FOR 2018?

A. The projected level of gas plant closings for 2018 is $29.7 million. Table 4 below summarizes the gas plant closings by FERC account category.

Table 4
ENO's Projected 2018 Gas Plant Closings
($millions)

Category	**Projected 2018**
Intangible	2.0
Distribution	26.9
General	0.8
Total	29.7

The major driver of the distribution plant closings is the Gas Infrastructure Replacement Project, which is discussed by Ms. Bourg.

C. <u>Capital Structure Projection</u>

Q27. PLEASE DESCRIBE ENO'S EXPECTED CAPITAL STRUCTURE AS OF DECEMBER 31, 2018.

A. ENO projects that its capital structure as of December 31, 2018 will consist of 52.2% of common equity and 47.8% long-term debt. [redacted] ENO proposes to use this expected capital structure in both its Period I and II Cost of Service Studies.

Q28. IS THE EXPECTED CAPITAL STRUCTURE AS OF DECEMBER 31, 2018 THE SAME AS ENO'S ACTUAL CAPITAL STRUCTURE AS OF DECEMBER 31, 2017?

A. No. The actual capital structure as of December 31, 2017 has a higher equity ratio, 54.93%. As discussed in the Revised Direct Testimony of Company witness Robert B. Hevert, both the actual and expected equity ratios fall within the range of reasonableness as compared to relevant peers.

III. SUPPORT FOR PRO FORMA ADJUSTMENTS

A. Adjustment AJ14 – Plant Additions

Q29. WHAT IS THE COMPANY'S PROPOSAL WITH RESPECT TO THE LEVEL OF PLANT IN SERVICE REFLECTED IN RATE BASE IN THIS PROCEEDING?

A. The Company generally proposes that its rate base incorporate plant additions through December 31, 2019, which is the calendar year in which rates will become effective.[3] Reflecting plant additions through December 31, 2019 better aligns base rates with the cost of providing electric and gas service during the first twelve months that base rates from this proceeding become effective. Additionally, reflecting plant additions through December 31, 2019 better aligns with the first evaluation period under the proposed Gas and Electric Formula Rate Plans discussed by Company witness Phillip B. Gillam and allows the first evaluation period to serve as a true-up of the plant costs reflected in base rates in this proceeding. Accordingly, the Adjustments AJ14 in the Period I Cost of

[3] One group of exceptions is removed from proposed rate base in this case in Electric Adjustment AJ18 in the both Period I and Period II Electric Cost of Service Studies. The Company, however, expects that these closings will be reflected in rate base through the proposed Electric Formula Rate Plan. Another group, AMI–related closings, is removed through Adjustment AJ15 because, as mentioned above, the Company proposes to recover these AMI-related costs through the proposed AMI Charge.

Service Studies include projected plant additions for 2018 and 2019, and the Adjustments AJ14 in the Period II Cost of Service Studies, which are based on projected test year of calendar year 2018, include projected plant additions for 2019 only. Above, in Tables 2 and 4, I have provided information regarding the projected plant additions for 2018.

Q30. WHAT ARE THE PROJECTED 2019 ELECTRIC PLANT CLOSINGS THAT THE COMPANY REQUESTS TO INCLUDE IN RATE BASE?

A. The requested projected 2019 electric plant closings are shown in Table 5 below.

Table 5
Requested Projected 2019
Electric Plant Closings
($ millions)

Category	**Projected 2019**
Intangible	0.7
Production	3.6
Transmission	14.9
Distribution	41.1
General	4.1
Total	64.4

Q31. WHAT ARE THE MAJOR DRIVERS OF THE 2019 DISTRIBUTION PLANT CLOSINGS?

A. Grid Modernization projects[4] and the Distribution Revenue and Critical Replacement/Failure blanket projects are the major drivers of the closings to distribution plant in 2019.

[4] These Grid Modernization projects do not include the projects to be funded pursuant to the Agreement in Principle approved by the Council in Resolution R-18-227, dated June 21, 2018.

Q32. WHAT IS THE MAJOR DRIVER OF THE TRANSMISSION PLANT CLOSINGS?

A. Two major transmission projects drive the amount in 2019. The projects involve the interconnection of facilities and a reliability-focused transmission project.

Q33. WHAT ARE THE PROJECTED 2019 GAS PLANT CLOSINGS THAT THE COMPANY REQUESTS TO INCLUDE IN RATE BASE?

A. The requested projected 2019 gas plant closings are shown in Table 6 below.

Table 6
Requested Projected 2019
Gas Plant Closings
($millions)

Category	**Projected 2019**
Intangible	3.6
Distribution	21.8
General	0.3
Total	25.7

The major driver of the gas plant closings is again the Gas Infrastructure Replacement Project, which is discussed by Ms. Bourg.

B. Adjustment AJ01C – Capacity & LTSA Expenses

Q34. WHAT IS THE PURPOSE OF ADJUSTMENT AJ01C?

A. The purpose of this adjustment is to extend an existing exact recovery process in place today for Grand Gulf UPSA capacity expenses to all affiliate PPA capacity expenses and LTSA expenses incurred by ENO. This process is sometimes referred to as the "Schedule A" process.

Q35. DOES THIS ADJUSTMENT CHANGE THE SCOPE OF COSTS THAT CUSTOMERS ARE RESPONSIBLE FOR?

A. No. ENO recovers these expenses today from customers through base rates, the Fuel Adjustment Clause ("FAC"), Ninemile 6 Nonfuel Cost Recovery Interim Rider, and the PPCACR Rider. The Company proposes that, in the future, ENO would recover these expenses primarily through base rates and secondarily through either the FAC or a new version of the PPCACR Rider, which allocates costs among rate classes based on the revenue requirement allocation approved by the Council in this proceeding.

Q36. WHAT IS SCHEDULE A?

A. Schedule A refers to an exact recovery process for Grand Gulf UPSA capacity expenses established by the Council as part of a settlement in Resolution R-91-157, dated September 5, 1991, which is in place today. Each month, Grand Gulf's owner, System Energy Resources, Inc., bills ENO for Grand Gulf's actual non-fuel and fuel costs. The Council has set an annual amount of non-fuel costs, which are capacity expenses on ENO's books, to be reflected in ENO's base rates, today, $90.625 million. This amount, which is broken down by month, first was set forth on a schedule attached to Resolution R-91-157 entitled "Schedule A." If the actual amount billed to ENO for the capacity expenses differs from the monthly amount set forth in Schedule A, the difference is reflected in the Legacy ENO Customers' FAC rate. Legacy ENO Customers are the Company's customers located on the east bank of the Mississippi River. ENO is not proposing to change the process for recovering Grand Gulf UPSA capacity expenses.

Q37. HOW DOES ENO PROPOSE TO MODIFY THIS EXACT RECOVERY PROCESS?

A. ENO proposes that the Resolution R-91-157 exact recovery process be extended to all PPA capacity expenses (*i.e.*, non-fuel costs) and LTSA expenses so that capacity and LTSA expenses are recovered in base rates in the first instance with the over- or under-collection returned or recovered through FAC or the proposed PPCACR Rider to facilitate exact cost recovery.

Q38. WHICH PPA CAPACITY EXPENSES WOULD BE RECOVERED THROUGH THIS EXACT RECOVERY PROCESS?

A. The capacity expenses associated with the following PPAs would be recovered through this process.

- The PPA with EAI for a share of the output of EAI's wholesale baseload resources ("EAI WBL PPA"), capacity expenses of which are currently recovered through the FAC;
- the PPA with ELL for a share of the output of the unregulated thirty percent portion of River Bend ("River Bend 30% PPA"), the capacity expenses of which are currently recovered through the FAC;
- the PPA with ELL for a share of the output of Ninemile 6 ("Ninemile 6 PPA"), the capacity expenses of which are recovered solely through the PPCACR Rider; and
- the Algiers Transaction PPA, for a share of the output of ELL's resources, including Ninemile 6, at the time of the Company's purchase of ELL's Algiers electric operations in 2015.

The monthly over- or under-collection associated with the EAI WBL PPA and the River Bend 30% PPA would be returned or recovered through the FAC. This is consistent with the energy allocation of the capacity expense estimate allocation used in the development of electric base rates, which is discussed by Mr. Thomas. The monthly over- or under-collection associated with the Ninemile 6 PPA and the Algiers Transaction PPA would be returned or recovered through the proposed PPCACR Rider.

Q39. ARE THE CAPACITY EXPENSES ASSOCIATED WITH THESE PPAS CURRENTLY SUBJECT TO AN EXACT RECOVERY PROCESS?

A. Nearly all of the capacity expenses currently are subject to an exact recovery process. The capacity expenses associated with the EAI WBL PPA and the River Bend 30% PPA are subject to exact recovery through the FAC pursuant to Resolution R-03-272, dated May 15, 2003. Exact recovery for these capacity expenses is part of the final agreement in principle approved by the Council, which approval did not indicate that these mechanisms would be discontinued in the future.

The capacity expenses associated with the Ninemile 6 PPA are subject to an exact recovery process through the PPCACR Rider pursuant to Resolution R-12-29, dated February 2, 2012; and Resolution R-15-258, dated June 8, 2015; and Resolution R-15-542, dated November 19, 2015. A portion of the capacity expenses associated with the Algiers Transaction PPA is subject to an exact recovery process through the Ninemile 6 Nonfuel Cost Recovery Interim Rider pursuant to Resolution R-14-278, dated July 10, 2014, and Resolution R-15-194, dated May 14, 2015. These exact recovery processes are

temporary as the Council indicated that the recovery method would be revisited in the future.

Q40. WHY IS THE COMPANY PROPOSING THIS RECOVERY METHOD FOR PPA CAPACITY EXPENSES?

A. ENO believes the proposed recovery method is consistent with Council guidance in Resolution R-17-504. In that Resolution, on page 11, in paragraphs 2(k) and 2(l), the Council directed ENO to provide additional justification for the recovery of non-fuel O&M and capital costs outside of base rates and for the recovery of fixed costs through a volumetric rider. The Company has interpreted these paragraphs to express a preference (but not a requirement) for the recovery of non-fuel O&M and capital costs in base rates. This preference extends to resources for which the Council has not already established a permanent method of recovery.

The proposed exact recovery process for PPA capacity expenses uses base rates primarily and either the FAC or a new PPCACR rider, which allocates costs among rate classes based on the revenue requirement allocation established by the Council in this proceeding. Thus, the proposed exact recovery process is consistent with Council guidance in Resolution R-17-504 and the Resolutions listed above permitting exact recovery of PPA capacity expenses. Other factors also support the proposed recovery method, as discussed by Mr. Thomas.

Q41. WHAT IS AN LTSA?

A. An LTSA is a service contract between an original equipment manufacturer or other qualified contractor and the owner of a generating unit. An LTSA is structured such that the owner pays for maintenance costs to the contractor on an ongoing basis under negotiated terms and conditions specific to the unit. In general, the payments to the contractor by the owner cover some or all of the maintenance service required for the unit. Most importantly, the LTSA structures the payments due to the contractor based on the unit's operation, for example, number of unit starts and/or operating hours. As a result, the payments can vary in amount from year to year.

Q42. HOW ARE LTSA EXPENSES RECOVERED TODAY?

A. Today, ENO recovers LTSA expenses through its FAC, which permits exact recovery. Resolution R-12-29 and Resolution R-15-542 allowed recovery of the LTSA expenses associated with Union Power Station Power Block 1 and the Ninemile 6 PPA through the FAC. Resolution R-14-278 and Resolution R-15-194 authorized ENO to continue recovering in the Algiers Customers FAC the expenses that ELL recovered through the FAC prior to the Algiers Transaction. The pre-Algiers Transaction FAC-recoverable expenses included the LTSA expenses associated with the Perryville and Acadia units.

Q43. WHY IS THE COMPANY SEEKING TO INCLUDE LTSA EXPENSES IN THIS EXACT RECOVERY PROCESS?

A. ENO is proposing that the LTSA expenses be subject to the exact recovery process described above so that ENO recovers the LTSA expenses primarily through base rates

with a true-up through the PPCACR Rider because the Council recently expressed that LTSA expenses should be recovered through base rates. In Resolution R-18-65, the Council directed that, if ENO should enter into an LTSA for the New Orleans Power Station, which it has not, then those expenses should be recovered through base rates set in this proceeding. The proposed exact recovery process is consistent with both Resolution R-18-65 and the Resolutions listed in my preceding answer providing for exact recovery of LTSA expenses.

Q44. WHAT IS THE AMOUNT ENO PROPOSES TO INCLUDE IN BASE RATES AND THE NEW SCHEDULE A'S TO THE FAC AND THE PPCACR RIDER?

A. As shown in Highly Sensitive Protected Materials Exhibit OT-2 attached to Mr. Todd's Revised Direct Testimony, the estimated 2019 annual capacity and LTSA expenses, broken down by month and PPA and LTSA, total $195.2 million, which is the amount ENO proposes to be reflected in base rates. To the extent there is a difference between the estimated total capacity and LTSA expenses reflected in base rates and the total actual billed capacity and LTSA expenses for a given month, that difference would be reflected in either the FAC or the proposed PPCACR Rider.

Q45. DO OTHER WITNESSES ADDRESS THE NEW SCHEDULE A IN THEIR TESTIMONY?

A. Yes, Messrs. Thomas and Gillam also address the exact recovery of capacity and LTSA expenses in their Revised Direct Testimonies.

C. Adjustment AJ27 – Algiers Migration and Transaction Regulatory Assets

Q46. WHAT IS THE ALGIERS TRANSACTION?

A. Prior to September 1, 2015, ENO and ELL both provided retail electric service in the City of New Orleans. Historically, ENO provided electric service to retail customers throughout the portion of the City of New Orleans situated on the east bank of the Mississippi River ("Legacy ENO Customers") subject to the regulatory jurisdiction of the Council. ELL provided Council-regulated electric service to retail customers in the Fifteenth Ward of the City of New Orleans ("Algiers"), which is located on the west bank of the Mississippi River. I refer to these customers as the "Algiers Customers."

On October 30, 2014, ENO and ELL filed a joint application requesting that the Council approve the sale to ENO of ELL's Algiers electric operations and the related assets and liabilities, which sale is referred herein to as the "Algiers Transaction." On May 7, 2015, ENO, ELL, and the Council Advisors entered into an Agreement in Principle ("Algiers Transaction AIP") recommending that the Council approve the Algiers Transaction, and the Council approved the Algiers Transaction AIP in Council Resolution R-15-194. On September 15, 2015, the Algiers Transaction closed, and ENO became the electric utility for both Legacy ENO Customers and Algiers Customers.

Q47. DOES THE ALGIERS TRANSACTION AIP AUTHORIZE ANY REGULATORY ASSETS?

A. Yes, it does. Specifically, Paragraph 4.I of the Algiers Transaction AIP authorizes the deferral of external transaction expenses related to the Algiers Transaction and recovery commencing with the instant rate case:

> External Transaction Expense Deferral –The Companies' Joint Application estimates that ELL shall incur an estimated $4.2 million in external transaction expenses in connection with gaining approval of and effectuating the Algiers Transaction. ENO shall: i) reimburse ELL for one-half of the external transaction expenses incurred by ELL, ii) defer the transaction expense incurred, and iii) accrue carrying costs on the amount at the Louisiana Judicial Interest Rate at the time of the Transaction's closing. Such amount shall be recoverable in the Combined Rate Case (as defined below). Based on the currently anticipated Transaction close date of September 1, 2015, the rate to be applied would be 4%. The period over which this deferred expense shall be amortized and the date that amortization shall commence shall be determined by the Council in the Combined Rate Case.
>
> Pursuant to paragraph 39 of the Agreement in Principle settling the Algiers Rate Case (Council Docket UD-13-01), ELL is accruing storm reserve funding at the annual rate of $219,168 through base rates. As of the month following the Algiers storm reserve achieving a zero balance, the accrual of the Algiers storm reserve shall cease, and a subsequent accrual at the same annual rate of $219,168, as provided for in the same Algiers base rates, shall be applied (i.e., credited) to the transaction expense deferral balance, and such application shall continue until such time as the Council may establish new base rates as part of the Combined Rate Case.

As stated in this paragraph, in the Combined Rate Case, the Council will determine the length of the amortization period of the regulatory asset and the date of commencement of the period.

Q48. WHAT IS THE ACTUAL AMOUNT OF ENO'S SHARE OF THE ALGIERS TRANSACTION EXPENSES?

A. At the closing of the Algiers Transaction, ENO's share of the transaction expenses was $1.1 million, which was transferred from ELL. Additional expenses incurred totaled $0.6 million.

Q49. WHAT IS THE EXPECTED AMOUNT OF THE DEFERRAL WHEN RATES FROM THIS PROCEEDING ARE EXPECTED TO BECOME EFFECTIVE?

A. Assuming rates become effective in the first billing cycle of August 2019, the balance would be $1.1 million.

Q50. OVER WHAT PERIOD DOES THE COMPANY PROPOSE THAT THESE COSTS BE RECOVERED?

A. The Company proposes to recover these costs over three years, which period is reflected in Adjustment AJ27 in the Period I and Period II Electric Cost of Service Studies. The Company proposes a three-year amortization period because such period results in an amortization that is consistent with the term of the Electric Formula Rate Plan being proposed in this proceeding.

Q51. COMPANY WITNESS MELONIE P. STEWART DESCRIBES THE ALGIERS MIGRATION EXPENSES AND STATES THAT ENO IS PROPOSING TO DEFER THESE EXPENSES AND RECOVER THEM AS A REGULATORY ASSET. WHY IS ENO REQUESTING THAT THESE EXPENSES BE DEFERRED AND RECOVERED AS A REGULATORY ASSET?

A. The Company is proposing that the Algiers Migration Expenses be deferred and be recovered over a multi-year period to better match the recovery of the expenses with the benefits from those expenses. As explained by Ms. Stewart, the Algiers Migration Expenses will be incurred over 2018 and 2019 to facilitate the billing of current and future Algiers Customers as ENO customers and to eliminate the current back-office

processes and associated expense necessary to account for Algiers Customers' payments. So, rather than treat all or a significant portion of these expenses as non-fuel operations and maintenance expense and recover the same in a single year, ENO proposes that the Algiers Migration Expenses be deferred and recovered over five years with the unamortized balance included in rate base.

D. Adjustment AJ21 – Louisiana Corporate Franchise Tax

Q52. PLEASE DESCRIBE ENO'S RECENT EXPERIENCE WITH THE LOUISIANA CORPORATE FRANCHISE TAXES.

A. In 2017, ENO undertook an internal restructuring through which ENO converted from a corporation to a Texas limited liability company. At that time, ENO expected to be able to no longer incur the Louisiana Corporate Franchise Tax prospectively as a result of the conversion and agreed to credit customers certain amounts in order to pass on those expected savings for 2018 and 2019 in conjunction with the Council's authorization of the internal restructuring.

Subsequently, Louisiana's tax laws changed in 2017 so that limited liability companies are now liable for the Louisiana Corporate Franchise Tax. Accordingly, ENO is seeking to recover these expenses in its base rates. To accomplish this, ENO is proposing adjustments to its Period I Electric and Gas Cost of Service Studies to increase the amount of Louisiana Corporate Franchise Tax expense to the level expected in 2018 and thereafter, that is, $3.0 million on an annual basis for both electric and gas operations. No adjustment is necessary to the Period II per books Louisiana Corporate Franchise Tax expense because that per books amount reflects the expected level.

E. Adjustment AJ19 – Rate Case Expenses

Q53. WHAT IS THE COMPANY'S PROPOSAL WITH RESPECT TO RATE CASE EXPENSES?

A. ENO proposes to defer the rate case expenses as a regulatory asset and amortize the balance over three years with the unamortized balance included in rate base. The deferred expenses would include only incremental rate case expenses associated with certain ESI personnel, excluding personnel that routinely work on ENO regulatory matters, and the Company's external attorneys and regulatory consultants. The deferred expenses also would include any Council Advisors expenses in excess of the amount included in the Period II per books non-fuel O&M.

Q54. WHAT IS THE ESTIMATED AMOUNT OF RATE CASE EXPENSES?

A. ENO conservatively estimates that its rate case expenses will total approximately $3.7 million on a total Company basis based on actual incremental rate case expenses incurred in the 2008 ENO Rate Case. In the estimate, the Company has allocated 81% of the rate case expenses to electric operations and 19% to gas operations.

Q55. DOES THE COMPANY PROPOSE TO UPDATE THIS AMOUNT AS THE CASE PROCEEDS?

A. Yes. ENO proposes that the rate case expense adjustments in the Electric and Gas Cost of Service Studies be updated with actual costs in the compliance filing resulting from a decision from this proceeding and be allocated 81% to electric and 19% to gas operations.

F. Adjustment AJ28 – Rooftop Solar Operating Expenses

Q56. WHAT IS THE AMOUNT OF ROOFTOP SOLAR OPERATING EXPENSES THAT ENO EXPECTS TO INCUR ON AN ANNUAL BASIS?

A. ENO estimates the annual operating expenses will total $0.607 million, which amount consists of non-fuel O&M expenses and property tax expenses. This is the same estimated amount I provided previously in my Direct Testimony in Council Docket No. UD-17-05.

G. Adjustment AJ18 – Miscellaneous Adjustment

Q57. WHY HAS ENO INCLUDED ADDITIONAL DISTRIBUTION O&M EXPENSE AND PLANT CLOSINGS FOR 2018 IN ADJUSTMENT AJ18?

A. Very recently, ENO's management approved an increase of $5.0 million to address distribution system reliability. Approximately $4.3 million will be directed to capital programs, and $0.7 million will be directed to non-capital program activities. Ms. Stewart discusses the near-term efforts to improve distribution system reliability in her testimony.

IV. NEW ORLEANS POWER STATION

Q58. PLEASE DESCRIBE HOW THE NON-FUEL REVENUE REQUIREMENT ASSOCIATED WITH THE NEW ORLEANS POWER STATION ("NOPS") ARE TO BE RECOVERED FROM CUSTOMERS.

A. As I mentioned earlier in my testimony, the Company currently expects that the NOPS will commence commercial operation in January 2020. ENO proposes to recover the estimate through an interim rate adjustment under ENO's proposed Electric FRP and request that the Council confirm this approach. ENO proposes to file the final estimated first-year non-fuel revenue requirement at least seventy-five days prior to commercial operation. Mr. Thomas explains why the Company believes an interim rate adjustment under ENO's proposed Electric FRP is the appropriate approach to recovering the NOPS non-fuel revenue requirement and is consistent with the Council's direction. Mr. Gillam provides more information regarding the mechanics of the interim rate adjustment and the related procedures under the proposed Electric FRP.

Q59. WHAT IS THE ESTIMATED FIRST-YEAR NON-FUEL REVENUE REQUIREMENT OF THE NOPS?

A. Presently, ENO estimates the first year non-fuel revenue requirement to be $33.1 million, which calculation is shown on page 1 of Exhibit OT-3. ENO expects that the rate base associated with the NOPS to be approximately $193.9 million at the end of the first year of operation, which amount reflects the reduced federal income tax rate and bonus depreciation limitations resulting from the 2017 Tax Cuts and Job Act.

The non-fuel O&M is expected to total $7.5 million on an annual basis. Insurance expense is expected to be $0.1 million on an annual basis. The annual depreciation expense is expected to be $6.7 million.

This estimated NOPS non-fuel revenue requirement reflects the Company's proposed return on equity of 10.50% and projected capital structure as of December 31, 2018. These developments were not reflected in previous estimates of the NOPS non-fuel revenue requirement.

Page 2 of Exhibit OT-3 shows the allocation by rate class of the current estimated first-year non-fuel revenue requirement based on ENO's proposed revenue requirement allocation, the calculation of which is described by Company witness Myra L. Talkington.

Q60. DOES ENO INTEND TO UPDATE THIS ESTIMATE?

A. Yes. ENO will file an updated first year non-fuel revenue requirement at least seventy-five days before the month in which the NOPS is expected to commence commercial operation to provide adequate time for review by the Council's Advisors in advance of commercial operation and the commencement of recovery.

Q61. ARE LTSA EXPENSES INCLUDED IN THE NON-FUEL REVENUE REQUIREMENT ESTIMATE?

A. No. ENO does not intend on entering into an LTSA for the NOPS.

V. STORM RESTORATION COSTS

Q62. WHY ARE YOU DISCUSSING STORM RESTORATION COSTS IN YOUR TESTIMONY?

A. In Resolution R-17-504, the Council directed ENO provide information regarding deferred O&M storm restoration costs resulting from Triggering Weather Events occurring in 2017 (Period I), 2018 (Period II), and subsequent periods to the extent they are the subject of a pro forma adjustment.

Q63. WHAT IS A TRIGGERING WEATHER EVENT?

A. Paragraph 18 of the Agreement in Principle approved in Council Resolution R-06-459 ("2006 AIP") defines a Triggering Weather Event as a weather event that prompts the issuance by the National Weather Service of a watch, warning, or advisory or is a named hurricane or tropical storm and by itself or with a series of such events, cause ENO to incur at least $500,000 of storm restoration costs (capital or deferred O&M) in aggregate. Although the Council suggests that another Council resolution may have a different definition of Triggering Weather Event than that contained in Council Resolution R-06-459, dated October 27, 2006, the other Council resolution refers back to Council Resolution R-06-459 for the definition of Triggering Weather Event.

Q64. HAS ENO REPORTED TO THE COUNCIL REGARDING TRIGGERING WEATHER EVENTS FOR 2017?

A. Yes. On January 8, 2018, ENO reported to the Council regarding its withdrawal of $2.488 million from the Storm Reserve Fund Escrow Account ("Existing Escrow

Account") for deferred O&M storm restoration costs incurred from October 2015 through November 2017. The report is attached hereto as Exhibit OT-4.

The Company also filed additional reports on January 31, 2018 regarding the Existing Escrow Account and the Securitized Storm Reserve Account for 2017. The reports are attached hereto as Exhibits OT-5 and OT-6, respectively. The balance of the Existing Escrow Account as of December 31, 2017 is $14.9 million; the balance of the Securitized Storm Reserve Account as of December 31, 2017 is $64.6 million.

Q65. AS OF DECEMBER 31, 2017, HAS THE COMPANY INCURRED ANY STORM RESTORATION COSTS ASSOCIATED WITH A POTENTIAL TRIGGERING WEATHER EVENT FOR WHICH IT IS HAS NOT REQUESTED REIMBURSEMENT?

A. Yes. As of December 31, 2017, ENO has incurred $20,706 of deferred O&M and $16.7 million of capital storm restorations costs for which it has not requested reimbursement. The capital storm restorations costs were incurred after December 31, 2011.

Q66. AS OF APRIL 30, 2018, HAS THE COMPANY INCURRED ANY STORM RESTORATION COSTS ASSOCIATED WITH A POTENTIAL TRIGGERING WEATHER EVENT FOR WHICH IT IS WAITING TO REQUEST REIMBURSEMENT?

A. As of April 30, 2018, the Company incurred an additional $0.138 million of deferred O&M and an additional $0.346 million of capital storm restorations costs for which it has not requested reimbursement.

Q67. DOES THE COMPANY INTEND TO SEEK REIMBURSEMENT FROM EITHER OF ITS STORM RESERVES FOR THE CAPITAL STORM RESTORATION COSTS IDENTIFIED ABOVE?

A. No. ENO proposes that those capital storm restoration costs be included in rate base to the extent they have been closed to plant in service less any accumulated depreciation.

VI. CONCLUSION

Q68. DOES THIS CONCLUDE YOUR REVISED DIRECT TESTIMONY?

A. Yes, it does.

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF ORLEANS

NOW BEFORE ME, the undersigned authority, personally came and appeared, **Orlando Todd**, who after being duly sworn by me, did depose and say:

That the above and foregoing is his sworn testimony in this proceeding and that he knows the contents thereof, that the same are true as stated, except as to matters and things, if any, stated on information and belief, and that as to those matters and things, he verily believes them to be true.

Orlando Todd

Orlando Todd

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 18 DAY OF SEPTEMBER, 2018.

NOTARY PUBLIC

My commission expires:________________________________

List of Previous Testimony Filed by Orlando Todd

DATE	TYPE	SUBJECT MATTER	REGULATORY BODY	DOCKET NO.
07/31/2008	Direct Testimony	Rate Case	CNO	UD-08-03
09/15/2008	Direct Testimony	Rate Case	CNO	UD-08-03
10/22/2008	Deposition	Rate Case	CNO	UD-08-03
07/08/2011	Direct Testimony	Revenue Requirement for NineMile 6	CNO	UD-11-03
01/31/2013	Direct Testimony	Rate Case	CNO	UD-08-03
06/07/2013	Rebuttal Testimony	Rate Case	CNO	UD-08-03
02/28/2014	Direct Testimony	Algiers Hurricane Isaac Storm Recovery	CNO	UD-14-01
10/30/2014	Direct Testimony	Algiers Asset Transfer	CNO	UD-14-02
02/09/2015	Direct Testimony	Union Power PPA	CNO	UD-15-01
06/22/2016	Direct Testimony	New Orleans Power Station	CNO	UD-16-02
10/18/2016	Direct Testimony	Advance Metering Infrastructure	CNO	UD-16-04
10/06/2017	Direct Testimony	Rooftop Solar PV	CNO	UD-17-05
07/31/2018	Direct Testimony	ENO Renewable Portfolio	CNO	UD-18-06

BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

APPLICATION OF	**)**	
ENTERGY NEW ORLEANS, LLC	**)**	
FOR A CHANGE IN ELECTRIC AND	**)**	
GAS RATES PURSUANT TO	**)**	**DOCKET NO. UD-18-__**
COUNCIL RESOLUTIONS R-15-194	**)**	
AND R-17-504 AND FOR RELATED	**)**	
RELIEF	**)**	

EXHIBIT OT-2

HIGHLY SENSITIVE PROTECTED MATERIAL

INTENTIONALLY OMITTED

SEPTEMBER 2018

Entergy New Orleans, LLC
NOPS - Estimated Revenue Requirement

Line No.	Description	2020 Cost Recovery ($)	Ref.
	Rate Base		
1	Inventory	819,000	WP 1
2	Plant in Service (1)	200,616,807	WP 1
3	Accumulated Depreciation & Amortization	(6,687,160)	WP 1
4	Accumulated Deferred Income Taxes	(872,014)	WP 1
5			
6	Total Rate Base (Line 1 + Line 2 + Line 3 + Line 4 - Line 5)	193,876,633	
7	Before-Tax Rate of Return on Rate Base (C)	9.72%	WP 3
8	Return on Rate Base (Line 6 * Line 7)	18,842,828	
	Expenses		
9	Operation & Maintenance Expense	7,474,724	WP2
10	Insurance	140,500	WP2
11	Depreciation & Amortization Expense	6,687,160	WP2
12	Total Expenses (Line 9 + Line 10 + Line 11)	14,302,384	
13	**Total Estimated First-Year Non-Fuel Revenue Requirement (Line 8 + Line 12)**	**33,145,212**	

Note 1: This amount excludes the related transmission investment, which is included in Adjustment AJ14 in the Electric Cost of Service Studies.

Entergy New Orleans, LLC
NOPS - Estimated Revenue Requirement Allocation

	Proposed Base Revenue ($)		Allocated NOPS Revenue Requirement ($)
RESIDENTIAL	191,784,163	44.77%	14,837,887
SMALL ELECTRIC SERVICE	73,258,427	17.10%	5,667,831
MUNICIPAL BUILDINGS	2,949,911	0.69%	228,228
LARGE ELECTRIC	31,129,885	7.27%	2,408,446
LARGE ELECTRIC HIGH LOAD FACTOR	108,630,259	25.36%	8,404,466
MASTER METERED NON-RESIDENTIAL	57,796	0.01%	4,472
HIGH VOLTAGE	8,057,016	1.88%	623,352
LARGE INTERRUPTIBLE	4,961,871	1.16%	383,888
LIGHTING SERVICE	7,582,522	1.77%	586,642
TOTAL RETAIL	428,411,850	100.00%	33,145,212

Note:
Proposed Base Revenue is from MFR Electric Statement AA-2.

Entergy New Orleans, LLC
1600 Perdido Street, Bldg #505
New Orleans, LA 70112
Tel 504 670 3680
Fax 504 670 3615

Gary E. Huntley
Vice President,
Regulatory Affairs
ghuntle@entergy.com

January 8, 2018

Honorable Stacy S. Head
Council President and
Councilmember-at-Large
City of New Orleans, City Hall
1300 Perdido Street, Room 2W40
New Orleans, LA 70112

Honorable Jason Rogers Williams
Council Vice President and
Councilmember-At-Large
City of New Orleans City Hall
1300 Perdido Street, Room 2W50
New Orleans, LA 70112

Honorable Susan G. Guidry
Councilmember, District A
City of New Orleans, City Hall
1300 Perdido Street, Room 2W80
New Orleans, LA 70112

Honorable Jared C. Brossett
Councilmember, District D
City of New Orleans
City Hall, Room 2W20
1300 Perdido Street
New Orleans, LA 70112

Honorable James Austin Gray, II
Councilmember, District E
City of New Orleans, City Hall
1300 Perdido Street, Room 2W60
New Orleans, LA 70112

Re: Storm Reserve Fund Escrow Account Withdrawal

Dear Council Utility Committee Members:

In keeping with the requirements in Resolutions R-06-459 and R-15-195 regarding the Storm Reserve Fund Escrow Account ("Existing Escrow Account"), Entergy New Orleans, LLC ("ENO") is providing notice of the withdrawal of funds from the Existing Escrow Account for damages incurred from storm events from October 2015 through November 2017. The withdrawal amount of $2,488,475 was requested from the Escrow Agent on December 21, 2017. Details of the withdrawal amount are included herein.

Should you have any additional questions, please feel free to contact my office at (504) 670-3680.

Sincerely,

Gary E. Huntley
Vice President, Regulatory Affairs

cc: New Orleans City Councilmembers
Council Advisors
Council Utility Regulatory Office

Exhibit 1

REPORTING REQUIREMENTS FOR STORM RESERVES WITHDRAWALS

PER RESOLUTIONS R-06-459 AND R-15-195

a) identification of the particular Triggering Weather Event related to the withdrawal,

See Exhibit 2.

b) the months or period of time over which the storm recovery costs were incurred,

See Exhibit 2.

c) the specific date of the disbursement, and the fund's balance immediately following the disbursement,

The requested date for the withdrawal is December 21, 2017. The fund balance immediately following the withdrawal is $14,921,102. See Exhibit 2.

d) classification of the storm recovery costs covered by the disbursement as O&M or capital expenditures, and plant function (production, transmission, distribution, and general plant,

The withdrawal requested relates to deferred O&M storm costs pertaining primarily to Distribution and Transmission functions.

e) the individual accounts and corresponding amounts to which the disbursement will be recorded, such as Account 228.1 for deferred O&M, or Accounts 107 or 108 for Plant in Service,

See Exhibit 2.

f) specifics of the regulatory accounting treatment and a presentation of all recordings to accounts that are related to the disbursement of the particular storm recovery costs,

See Exhibit 2.

g) If other recent or anticipated disbursements are related to the particular Triggering Weather Event, a summary of such disbursements with a current estimate of total storm recovery costs related to the Triggering Weather Event.

Not applicable.

Project Code & Description	Capital (Accts 101, 106, 107, 108)	Deferred O&M (Acct 228100)	Total	Date of Storm Event	Date(s) Cost Incurred	Storm Type	NWS - Warning, Watch, Advisory	Impact to ENO Service Territory	Triggering Event	Function
C7PPSJ4116 STORM DMG LA METRO	141,568	**43,696**	185,264	10/2015	11/2015 - 03/2016	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4117 STORM DMG LA ENOI	188,035	**49,281**	237,315	02/2016	02/2016 - 07/2016	Tornado	Warning	Yes	Yes	Distribution
C7PPSJ4118 STORM DMG ENOI	240,979	**54,606**	295,584	03/2016	03/2016 - 06/2016	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4119 STORM DMG LA DIST OPS ENOI (BACKUP)	175,400	**63,324**	238,724	05/2016	05/2016 - 09/2016	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4120 STORM DMG ENOI	6,455,938	**1,122,902**	7,578,840	02/2017	02/2017 - 10/2017	Tornado	Warning	Yes	Yes	Distribution
C7PPSJ4121 STORM DMG LA DIST OPS ENOI	86,112	**18,940**	105,052	04/2017	04/2017 - 09/2017	Thunderstorm	Warning	Yes	Yes	Distribution
E2PPSJ4115 ENOI T-GRID STORM	-	**90,231**	90,231	02/2017	02/2017 - 06/2017	Tornado	Warning	Yes	Yes	Distribution
C8PPSJ4NO1 GAS CAP STORM - ENOI TORNADO	164,111	-	164,111	02/2017	02/2017 - 11/2017	Tornado	Warning	Yes	Yes	Distribution
E2PPSJ4NO2 STORM GAS O&M ENOI TORNADO	-	**114,273**	114,273	02/2017	02/2017 - 09/2017	Tornado	Warning	Yes	Yes	Distribution
C8PPTL733A STRM17 - Gulf Outlet - Michoud	143,793	-	143,793	02/2017	02/2017 - 08/2017	Tornado	Warning	Yes	Yes	Transmission
C8PPTL734A STRM17 - Claiborne - Michoud	3,585,214	-	3,585,214	02/2017	02/2017 - 11/2017	Tornado	Warning	Yes	Yes	Transmission
C7PPSJ4123 STORM DMG LA ENOI	97,344	**17,793**	115,137	04/2017	05/2017 - 09/2017	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4124 STORM LA DIST ENOI TS CINDY	474,329	**89,207**	563,537	06/2017	06/2017 - 11/2017	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4125 STORM DAMAGE LA ENOI	688,245	**81,501**	769,746	08/2017	08/2017 - 11/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
C7PPSJ4104 STORM DAMAGE LA ENOI HURRICANE HARVEY	230,614	**109,701**	340,315	08/2017	09/2017 - 11/2017	Hurricane	Warning	Yes	Yes	Distribution
E2PPFLODNO ENOI 2017 FLOOD - FACILITIES O&M		**1,969**	1,969	08/2017	09/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
E2PPSJ4128 T-GRID STORM ENOI		**10,960**	10,960	08/2017	09/2017 - 11/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
C8PPHBN712 CANAL ST CUSTOMER CARE CTR FLOOD UPGRADE	163,617		163,617	08/2017	09/2017 - 11/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
C7PPSJ4126 STORM DAMAGE LA ENOI HURRICANE NATE	656,179	**201,221**	857,400	08/2017	10/2017 - 11/2017	Hurricane	Warning	Yes	Yes	Distribution
E2PPSJ4129 HURRICANE NATE - T-GRID STORM ENOI		**418,870**	418,870	08/2017	10/2017 - 11/2017	Hurricane	Warning	Yes	Yes	Transmission
	13,491,478	**2,488,475**	15,979,952							

ENO capital storm costs		FERC 101, 106, 107, 108
ENO deferred O&M storm costs	2,488,475	FERC 228100
REQUESTED WITHDRAWAL FROM STORM RESERVE LOCKBOX	**2,488,475**	

Existing Escrow Account Balance @ 11/30/17	17,409,576
Requested Withdrawal	(2,488,475)
Existing Escrow Account Balance following withdrawal	14,921,102

Journal Entries to record cash receipt & offset storm costs	
debit 131000 Cash	2,488,475
credit 128312 Existing Escrow Account	(2,488,475)
debit 2281LB Storm Damage Reserve	2,488,475
credit 228100 Deferred Storm O&M	(2,488,475)

Entergy New Orleans, LLC
1600 Perdido Street, Bldg #505
New Orleans, LA 70112
Tel 504 670 3680
Fax 504 670 3615

Gary Huntley
Vice President, Regulatory Affairs
ghuntle@entergy.com

January 31, 2018

Via U. S. Mail

Ms. Lora Johnson, Director
Clerk of Council
New Orleans City Hall Room 1E09
1300 Perdido Street
New Orleans, LA 70112

Re: Council Resolution R-06-459 - Agreement in Principle (paragraph 20); Annual Report of Entergy New Orleans, LLC's Storm Reserve Fund Escrow Account

Dear Ms. Johnson:

Pursuant to paragraph 20 of the Agreement in Principle approved by Resolution R-06-459, Entergy New Orleans LLC ("ENO") is required to annually report the collections, principal, interest, disbursements, and any aggregate amount of costs incurred during the year for restoration of service from ENO's Storm Reserve Fund Escrow Account. The beginning balance of the ENO Storm Reserve Escrow Fund at January 1, 2017 was $17,278,976.

For the reporting period ending December 31, 2017:

1) ENO collected and deposited into the escrow account during the year $24,187 pursuant to the Storm Reserve Rider which ended with the implementation of the Securitization Rider.

2) Interest earned and recorded in 2017 was $123,152 and bank fees of $3,000 were charged during the year.

3) ENO had triggering weather events for which storm restoration activities were aggregated; and made a drawdown of $2,488,475 in December 2017 pursuant to the 2009 AIP (paragraph 39). Also see notification letter sent to the Council on January 8, 2018.

The ending balance of principal and interest as of December 31, 2017 was $14,934,840

Additionally, to enhance the reporting process, ENO is providing all storm restoration costs incurred in 2017 associated with weather events meeting the requirements of Paragraph 18(a) through (c) of the AIP.

Thanking you for your attention and courtesies in this matter, I am

Sincerely,

Gary E. Huntley

cc: All Councilmembers
Council Utilities Regulatory Office
Walter J. Wilkerson, Esq.
Presley Reed, Esq,
Joseph Vumbaco
Errol Smith, CPA
Ken Pailet, CPA

Exhibit 1

REPORTING REQUIREMENTS FOR STORM RESERVES WITHDRAWALS

PER RESOLUTIONS R-06-459 AND R-15-195

a) identification of the particular Triggering Weather Event related to the withdrawal,

See Exhibit 2.

b) the months or period of time over which the storm recovery costs were incurred,

See Exhibit 2.

c) the specific date of the disbursement, and the fund's balance immediately following the disbursement,

The requested date for the withdrawal is December 21, 2017. The fund balance immediately following the withdrawal is $14,921,102. See Exhibit 2.

d) classification of the storm recovery costs covered by the disbursement as O&M or capital expenditures, and plant function (production, transmission, distribution, and general plant,

The withdrawal requested relates to deferred O&M storm costs pertaining primarily to Distribution and Transmission functions.

e) the individual accounts and corresponding amounts to which the disbursement will be recorded, such as Account 228.1 for deferred O&M, or Accounts 107 or 108 for Plant in Service,

See Exhibit 2.

f) specifics of the regulatory accounting treatment and a presentation of all recordings to accounts that are related to the disbursement of the particular storm recovery costs,

See Exhibit 2.

g) If other recent or anticipated disbursements are related to the particular Triggering Weather Event, a summary of such disbursements with a current estimate of total storm recovery costs related to the Triggering Weather Event.

Not applicable.

Exhibit 2

Project Code & Description	Capital (Accts 101, 106, 107, 108)	Deferred O&M (Acct 228100)	Total	Date of Storm Event	Date(s) Cost Incurred	Storm Type	NWS - Warning, Watch, Advisory	Impact to ENO Service Territory	Triggering Event	Function
C7PPSJ4116 STORM DMG LA METRO	141,568	43,696	185,264	10/2015	11/2015 - 03/2016	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4117 STORM DMG LA ENOI	188,035	49,281	237,315	02/2016	02/2016 - 07/2016	Tornado	Warning	Yes	Yes	Distribution
C7PPSJ4118 STORM DMG ENOI	240,979	54,606	295,584	03/2016	03/2016 - 06/2016	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4119 STORM DMG LA DIST OPS ENOI (BACKUP)	175,400	63,324	238,724	05/2016	05/2016 - 09/2016	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4120 STORM DMG ENOI	6,455,938	1,122,902	7,578,840	02/2017	02/2017 - 10/2017	Tornado	Warning	Yes	Yes	Distribution
C7PPSJ4121 STORM DMG LA DIST OPS ENOI	86,112	18,940	105,052	04/2017	04/2017 - 09/2017	Thunderstorm	Warning	Yes	Yes	Distribution
E2PPSJ4115 ENOI T-GRID STORM	-	90,231	90,231	02/2017	02/2017 - 06/2017	Tornado	Warning	Yes	Yes	Distribution
C8PPSJ4NO1 GAS CAP STORM - ENOI TORNADO	164,111	-	164,111	02/2017	02/2017 - 11/2017	Tornado	Warning	Yes	Yes	Distribution
E2PPSJ4NO2 STORM GAS O&M ENOI TORNADO	-	114,273	114,273	02/2017	02/2017 - 09/2017	Tornado	Warning	Yes	Yes	Distribution
C8PPTL733A STRM17 - Gulf Outlet - Michoud	143,793	-	143,793	02/2017	02/2017 - 08/2017	Tornado	Warning	Yes	Yes	Transmission
C8PPTL734A STRM17 - Claiborne - Michoud	3,585,214	-	3,585,214	02/2017	02/2017 - 11/2017	Tornado	Warning	Yes	Yes	Transmission
C7PPSJ4123 STORM DMG LA ENOI	97,344	17,793	115,137	04/2017	05/2017 - 09/2017	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4124 STORM LA DIST ENOI TS CINDY	474,329	89,207	563,537	06/2017	06/2017 - 11/2017	Thunderstorm	Warning	Yes	Yes	Distribution
C7PPSJ4125 STORM DAMAGE LA ENOI	688,245	81,501	769,746	08/2017	08/2017 - 11/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
C7PPSJ4104 STORM DAMAGE LA ENOI HURRICANE HARVEY	230,614	109,701	340,315	08/2017	09/2017 - 11/2017	Hurricane	Warning	Yes	Yes	Distribution
E2PPFLODNO ENOI 2017 FLOOD - FACILITIES O&M		1,969	1,969	08/2017	09/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
E2PPSJ4128 T-GRID STORM ENOI		10,960	10,960	08/2017	09/2017 - 11/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
C8PPHBN712 CANAL ST CUSTOMER CARE CTR FLOOD UPGRADE	163,617		163,617	08/2017	09/2017 - 11/2017	Thunderstorm/Flooding	Warning	Yes	Yes	Distribution
C7PPSJ4126 STORM DAMAGE LA ENOI HURRICANE NATE	656,179	201,221	857,400	08/2017	10/2017 - 11/2017	Hurricane	Warning	Yes	Yes	Distribution
E2PPSJ4129 HURRICANE NATE - T-GRID STORM ENOI		418,870	418,870	08/2017	10/2017 - 11/2017	Hurricane	Warning	Yes	Yes	Transmission
	13,491,478	2,488,475	15,979,952							

ENO capital storm costs		FERC 101, 106, 107, 108
ENO deferred O&M storm costs	2,488,475	FERC 228100
REQUESTED WITHDRAWAL FROM STORM RESERVE LOCKBOX	**2,488,475**	

Existing Escrow Account Balance @ 11/30/17	17,409,576
Requested Withdrawal	(2,488,475)
Existing Escrow Account Balance following withdrawal	14,921,102

Journal Entries to record cash receipt & offset storm costs	
debit 131000 Cash	2,488,475
credit 128312 Existing Escrow Account	(2,488,475)
debit 2281LB Storm Damage Reserve	2,488,475
credit 228100 Deferred Storm O&M	(2,488,475)

Entergy New Orleans, LLC
1600 Perdido Street, Bldg #505
New Orleans, LA 70112
Tel 504 670 3680
Fax 504 670 3615

Gary Huntley
Vice President, Regulatory Affairs
ghuntle@entergy.com

January 31, 2018

Via U. S. Mail

Ms. Lora Johnson, Director
Clerk of Council
New Orleans City Hall Room 1E09
1300 Perdido Street
New Orleans, LA 70112

Re: Council Resolution: R-15-195 (ordering paragraph 8) - Annual Report of Entergy New Orleans, LLC's Securitized Storm Reserve Account

Dear Ms. Johnson:

Pursuant to ordering paragraph 8 of Council Resolution R-15-195, Entergy New Orleans LLC ("ENO") is required to annually report the collections, principal, interest, disbursements, and any aggregate amount of costs incurred during the year for restoration of service from ENO's Securitized Storm Reserve Account. The beginning balance of the ENO Securitized Storm Reserve Account at January 1, 2017 was $64,157,555.

For the reporting period ending December 31, 2017:

1) Interest earned and recorded in 2017 was $456,770 and bank fees of $3,500 were charged during the year.

2) ENO has the above referenced funds invested as follows: Goldman Sachs Financial Square Government Fund #465

3) ENO had no triggering weather events for which storm restoration activities were aggregated; and the Company made no drawdowns in 2017 pursuant to the 2015AIP.

4) Currently, there are no estimated withdrawals from the fund.

The ending balance of principal and interest as of December 31, 2017 was $64,610,825.

Thanking you for your attention and courtesies in this matter, I am

Sincerely,

Gary E. Huntley

cc: All Councilmembers
Walter J. Wilkerson, Esq.
Presley Reed, Esq,

Joseph Vumbaco
Errol Smith, CPA